

## Message Text

UNCLASSIFIED

PAGE 01 BUDAPE 01702 241143Z

43

ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 AGR-10 CIAE-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-02 FRB-01

OMB-01 L-03 /054 W

----- 047583

R 240940Z MAY 76

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 6095

INFO AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY LONDON

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USEC BRUSSELS UNN

UNCLAS BUDAPEST 1702

BRUSSELS FOR USEC

E.O. 11652: N/A

TAGS: EEWT, ETRD, HU

SUBJECT: REGULATIONS AFFECTING U.S. FABRIC EXPORTS

REF: (A) STATE 102746, (B) BONN 8147

1. HUNGAROTEX (FOREIGN TRADING COMPANY) EXPERT INFORMS EMBASSY THAT THERE ARE NO REGULATIONS THAT "DO NOT ALLOW U.S. FABRICS TO ENTER INTO THE HUNGARIAN MARKET". HUNGARY HAS SEVERAL JOB-WORK AND CO-PRODUCTION AGREEMENTS WITH ECO COUNTRIES.

THESE TYPES OF TRANSACTIONS ARE VERY FAVORABLE FOR BOTH SIDES, NKROM DIFFERENT POINTS OF VIEW. IN CASE OF JOB-WORK, TARIFFS ARE EXCLUDED FROM THE TRANSACTION. MATERIALS (ORIGINATING IN WESTERN EUROPE) ENTER FOR PROCESSING AND LEAVE AS FINISHED PRODUCTS; THEY DO NOT

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BUDAPE 01702 241143Z

GO THROUGH NORMAL CUSTOMS PROCEDURES BUT ARE TEMPORARILY

GWSISTEREDILY HUNGARIAN CUSTOMS AUTHORITIES, AND  
REGISTRATION IS CANCELLED AFTER RE-EXPORT.

2. CO-PRODUCTION AGREEMENTS ARE ALSO VERY COMMON. MOST  
TYPICAL COOPERATION AGREEMENT IN HUNGARY IS WHEN WESTERN PARTNER  
PROVIDES LICENSE AND KNOW-HOW AND THE BUYER PAYS WITH FINISHED  
PRODUCTS. TARIFFS ARE APPLICABLE FROM BOTH SIDES, BUT  
THE WEST GERMAN IMPORTER MAY OBTAIN DRAW-BACK, SUBTRACTING  
THE VALUE OF THE KNOW-HOW FROM THE TARIFF WHICH SHOULD BE  
PAID ON THE FINISHED GOODS. IF MATERIAL IS ALSO PROVIDED  
BY WESTERN PARTNER A JOB-WORK CONTRACT MAY ALSO BE  
INCLUDED IN THE COOPERATION AGREEMENT.

3. THERE ARE SEVERAL OTHER FORMS AND WAYS USED IN  
INDIVIDUAL CASES TO REDUCE TARIFFS. IT IS TARIFF CON-  
CESSIONS WHICH MAKE EASTERN EUROPEAN GOODS MORE COM-  
PETITIVE IN EC MARKETS, AND EC ORIGINATING MATERIAL  
COMPETITIVE IN EASTERN EUROPE.

4. EMBASSY DEFERS TO USEC BRUSSELS RE POSSIBLE EFFECT  
OF EC/HUNGARIAN TEXTILE QUOTA ARRANGEMENTS, BUT NOTES  
THAT TEXTILE QUOTAS FOR ALL EC COUNTRIES PUBLISHED IN  
THE "OFFICIAL JOURNAL OF EUROPEAN COMMUNITIES".  
MUDD

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, TEXTILES, FOREIGN TRADE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 MAY 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BUDAPE01702  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760201-0063  
**From:** BUDAPEST  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760522/aaaaasll.tel  
**Line Count:** 85  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION COME  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 102746, 76 BONN 8147  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** wolfsd  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 JUL 2004 by mendozsm>; APPROVED <05 OCT 2004 by wolfsd>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REGULATIONS AFFECTING U.S. FABRIC EXPORTS  
**TAGS:** EEWT, ETRD, HU, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006